IMF Report on fiscal deficit

2720. PROF. M. SANKARALINGAM:

SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether IMF is concerned about country's fiscal deficit, and debt position as reported in the Indian Express dated the 30th August, 2002; if so, what is Government's reaction thereto;

(b) what are the details of the report of IMF;

(c) whether it is a fact that as reported India is unlikely to meet GDP growth target;

(d) if so, the details thereof; and

(e) whether Government propose to take any measures to step up growth rate and ensure quicker improvement in economic scenario?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VJTHOBA ADSUL): (a) and (b) The IMF, while highlighting the great potential of Indian economy, as demonstrated by considerably improvement in poverty and other social indicators, low inflation, substantial reduction in external vulnerability and progress in strengthening the financial sector, has expressed concern about sustainability of India's fiscal situation and debt position.

(c) to (e) As per the estimates of Central Statistical Organisation, GDP grew by 6% during the first quarter of 2002-03, as against 3.5% during the corresponding period in the previous year. Reserve Bank of India has projected the GDP growth for 2002-03 to be 5% - 5.5%.

The Government has been pursuing a six-pronged strategy, as mentioned in budget 2002-03, which include continuation of agricultural and food economy reforms, enhancement of public and capital markets, deepening structural reforms and regenerating industrial growth. The various reform measures are expected to have a positive effect on the growth of the economy.